

## M E M O R A N D U M

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DATE: November 3, 2014

TO: Benefit Eligible Participants

FROM: Maria Boggs, Benefits Program Manager

SUBJECT: **2015 Benefits Open Enrollment Guide**

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### IMPORTANT OPEN ENROLLMENT DATES

| EVENT                    | DATE                                 |
|--------------------------|--------------------------------------|
| Open Enrollment Period   | November 1, 2014 – November 30, 2014 |
| Last Day to Make Changes | November 30, 2014                    |

Open enrollment is your opportunity to make changes to your benefits program, update beneficiaries and personal information, and enroll or re-enroll in the Flexible Spending Account (healthcare or dependent care accounts). This year open enrollment is **November 1 to November 30, 2014.**

This 2015 Benefits Open Enrollment Guide includes a brief overview of the benefits available during this open enrollment period, a summary of other benefit programs, and important insurance updates, including changes due to any healthcare reform regulations. If you have any questions about your benefits, please contact me at [mboggs@rentonwa.gov](mailto:mboggs@rentonwa.gov) or 425-430-7659.

### REMINDER: NOTIFY US OF CHANGES

It is important to notify HRRM if a covered dependent is no longer eligible, i.e., a divorced spouse or ineligible child, to make adjustments to your benefit plans and deductions. Open enrollment is also a good time of year to update your beneficiary designations. The following benefits all require beneficiary forms, which are available in the HRRM department or online: life insurance, deferred compensation, and PERS or LEOFF Plans. Please also remember to complete a name change or address change form any time you have a change.

**ALL ENROLLMENT MATERIALS AND FORMS CAN BE FOUND ON ONLINE:**

**[WWW.RENTONWA.GOV](http://WWW.RENTONWA.GOV)**

- **DEPARTMENTS**
- **HUMAN RESOURCES RISK MANAGEMENT**
- **BENEFITS**
- **OPEN ENROLLMENT LINK**

# 2015 BENEFITS OPEN ENROLLMENT GUIDE

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## FREQUENTLY ASKED QUESTIONS

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### IS IT NECESSARY TO TURN IN AN ENROLLMENT FORM IF I DON'T HAVE ANY CHANGES?

**NO!** – It is not a requirement to turn in a form if you have NO CHANGES to your benefits. However, participation in the Flexible Spending Account does require enrollment each year.

### WHAT TYPES OF CHANGES CAN I MAKE DURING OPEN ENROLLMENT?

- Add or remove eligible dependents to your medical, dental, and vision plans.
- Switch from the City of Renton Self-Insured plan to Group Health Cooperative, or switch from Group Health to the Self-Insured plan.
- Participate in the Flexible Spending Account - this is an opportunity to set aside funds on a pre-tax basis to reimburse yourself for dependent care or healthcare expenses. **To continue to participate in the Flexible Spending Account you must re-enroll each year.** For more information about the Flexible Spending Account, see **page 4** and the Flexible Spending Account Guide included with this packet.
- Apply for Additional Group Life Insurance – supplement your City provided basic life insurance coverage.

### ARE ANY CHANGES ALLOWED DURING THE YEAR?

**You can only add or remove a dependent outside of Open Enrollment due to a qualifying event:**

- Within **60 days** following the birth, adoption or placement for adoption of a child, or in compliance with the terms of a Qualified Medical Child Support Order (QMCSO).
- When you marry, your spouse needs to be added within **31 days** of the event and coverage becomes effective the date of marriage.
- You have **31 days** to enroll when losing coverage for you or your dependent(s) under another medical plan.
- If you need to drop dependent coverage due to divorce, legal separation or death or because the dependent no longer meets the dependent eligibility rules (for example, over the age 26 limit), you have **31 days** from the event.
- Within **31 days** from any other change allowed by Internal Revenue Service (IRS) rules and regulations.

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## COVERAGE CHANGES - EFFECTIVE JANUARY 1, 2015

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### **No Significant Changes to Self-Funded Plan**

There are no significant coverage changes to the plan this year. There are, however, a few language clarifications that are being reworked to ensure claims are processed correctly and to avoid confusion for plan participants:

- Durable Medical Equipment services are covered at the preferred network level when ordered by a preferred provider, even if the distributor is out-of-network;
- Urgent Care is covered the same as preferred network Office Visit, regardless of network access; and
- The Contraceptive and Naturopathic Services language was changed to read “covered same as office visit,” rather than “same as any other condition.”

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## MEDICAL, DENTAL & VISION RATES

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The Renton Employees’ Health Plan Board of Trustees, comprised of Union leadership and Management, meets regularly throughout the year to address how costs, economy, healthcare reform, wellness initiatives and coverage limits impact the healthcare plan and City of Renton employees.

### **EMPLOYEE PREMIUMS**

For the past two years, the bargaining units and the City had an agreement allowing the City to use some funds in the healthcare plan to offset the employee portion of the medical premiums. Now that this agreement has expired, premium sharing between the employee and the City of Renton returns to the previously agreed upon table. For 2015, this means that the City pays 92% of the cost of the premium and employees pay 8%.

Due to a significant difference between the premium for the Self-funded Medical Plan through HMA and the Group Health Cooperative Medical Plan, employees who select Group Health will be required to pay the difference between the City’s contribution toward the Self-funded plan and the total cost of the Group Health Plan. In 2015, there was an overall renewal increase in the Self-funded Medical Plan of 10%. The Group Health Plan premium increased by 6.13%. **The monthly premiums for medical, dental and vision are included in a separate rate sheet in this packet.**

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## OTHER BENEFIT OPTIONS

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### **FLEXIBLE SPENDING ACCOUNT**

**You must re-enroll in the Flexible Spending Account each year** if you wish to participate in this plan, which allows you to set aside funds on a pre-tax basis to reimburse yourself for healthcare expenses (co-pays and prescription drugs) and dependent care expenses. To enroll, you must turn in a Flexible Spending Account enrollment form to continue or begin participating in the program in 2015.

Flexible Spending Account expenses are reimbursed on a calendar year basis, meaning expenses submitted for reimbursement must occur within the calendar year, January 1 – December 31, of the year that coverage is elected. You also have up to 90 days after yearend to submit claims that were incurred during that year, during what is called the “run-off period.”

Account balances of \$500 or less left in your account at the end of the year can be rolled into the following year. Account balances over \$500 at the end of the year are forfeited under the IRS “use it or lose it” provision. Before you enroll, please carefully estimate the dollar amount of eligible charges you expect to incur in 2015. A full description of the Flexible Spending Account is included with this packet.

### **DEFERRED COMPENSATION 457 PLAN**

The City offers a deferred compensation plan to employees through TIAA-CREF. The City currently contributes a percentage of your pay to this plan as a benefit to you. You may also make a voluntary contribution with pre-tax dollars into your plan. The amount you contribute can be changed at any time during the year.

**The maximum allowable contribution for 2015 has increased from \$17,500 to \$18,000** per year for participants under the age of 50. The **Over Age 50** limit has also increased to **\$24,000 per year for participants over the age of 50**. For participants within three years of normal retirement age, **the Pre-Retirement Catch-up Provision allows you to contribute a maximum of \$36,000 per year**. *All annual maximums are a combination of employer and employee contributions.*

### **ADDITIONAL GROUP LIFE INSURANCE**

If you would like to supplement your City provided Basic Life and AD&D insurance, you may purchase additional life insurance through our current provider, the Standard Insurance Company. Additional life insurance coverage is available in increments of \$25,000 up to \$250,000 at competitive rates based on your age. Spousal and dependent additional life is also available.

Additional group life insurance becomes effective on the first of the month following the date your application is approved. To apply for additional life insurance, complete and submit the Standard Insurance Company Enrollment and Change form to HRRM prior to November 30, 2014. **When applying for additional coverage during open enrollment, you will be required to complete the Medical History Statement.**

## **TOBACCO CESSATION PROGRAM**

In keeping with the City of Renton's commitment to the health of employees and their families, we have partnered with Alere Wellbeing to offer the Quit For Life® Program. This program is available at **No Cost** for all City of Renton regular employees and their spouse or domestic partner. When you join, a Quit Coach® will help you create an easy-to-follow Quit Plan and will show you how to get ready, take action and then live the rest of your life as a non-smoker. Call **1-866-QUIT-4-LIFE (866-784-8454)** for more information.

The program includes:

- Free nicotine replacement therapy (patch/gum) mailed directly to your home if appropriate.
- Access to Web Coach®, a private, online community where you can complete activities, watch videos, track your progress and join in discussions with others in the program.
- An easy-to-use printed workbook that you can reference in any situation to help you stick with your quitting plan.
- Recommendations on type, dose and duration of nicotine replacement if appropriate.
- Unlimited toll-free access to Quit Coaches, who offer as much or as little support as you need.

## **EMPLOYEE ASSISTANCE PROGRAM**

The Employee Assistance Program (EAP) is a confidential resource outside of the workplace that assists you and your family in coping with life's many complexities and challenges. Professional help is available by calling a 24-hour, seven days a week toll-free number. That telephone number is 1-800-777-4114 and the web address is [www.FirstChoiceEAP.com](http://www.FirstChoiceEAP.com).

## **24-HOUR NURSE ADVICE LINE**

This service is available to all employees and dependents to answer questions regarding your family's health. A flyer covering this service is included in this packet. To reach the Nurse Advice Line, contact 1-800-807-1370.

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## NOTICES

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### MENTAL HEALTH PARITY OPT-OUT NOTICE

Under a Federal law known as the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191, as amended, group health plans must generally comply with the requirement listed below. However, the law also permits State and local governmental employers that sponsor health plans to elect to exempt a plan from this requirement for any part of the plan this is “self-funded” by the employer rather than provided through a health insurance policy. City of Renton has elected to exempt the “City of Renton Employee Health Care Plan” from the following requirement:

1. Parity in the application of certain limits to mental health benefits. Group health plans (of employers that employ more than 50 employees) that provide both medical and surgical benefits and mental health or substance use disorder benefits must ensure that financial requirements and treatment limitations applicable to mental health or substance use disorder benefits are no more restrictive than the predominant financial requirements and treatment limitations applicable to substantially all medical and surgical benefits covered by the plan.

The exemption from this Federal requirement will be in effect for the 2015 plan year beginning January 1, 2015 and ending December 31, 2015. The election may be renewed for subsequent plan years.

### GRANDFATHERED PLAN STATUS

The City of Renton’s plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans; for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act; for example, the elimination of lifetime limits on benefits.

### SUMMARY OF BENEFITS AND COVERAGE

Included within this packet this year is the Summary of Benefits and Coverage. This is being provided in response to new requirements due to Healthcare Reform.

While useful, the cost examples provided (on page 7 of the Summary of Benefits and Coverage) are not specific to our plan. **Please keep in mind when you review calculations for possible out-of-pocket costs in the examples provided, that these generalized cost assumptions are based on a government provided calculator and may not accurately reflect your out-of-pocket costs for the given examples.**

## THE WOMEN'S HEALTH AND CANCER RIGHTS ACT OF 1998

City of Renton Employee Health Plan is required by law to provide you with the following notice. This does not represent a change in your coverage. The Women's Health and Cancer Rights Act of 1998 (WHCRA) includes important protections for patients who elect breast reconstruction with mastectomy.

For a member who receives benefits in connection with a mastectomy and who elects breast reconstruction, coverage will be provided in a manner determined in consultation with the attending physician and the patient for:

1. Reconstruction of the breast on which the mastectomy was performed;
2. Surgery and reconstruction of the other breast to produce a symmetrical appearance; and
3. Prosthesis and treatment of physical complications at all stages of the mastectomy including lymph edemas.

Benefits for the above services will be subject to the same subscriber cost-sharing provisions (i.e., deductible, copayment, and coinsurance) as may be deemed appropriate and as are consistent with those established for other covered services. Your plan is already in compliance with this mandate and provides coverage for this benefit.

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## COORDINATION OF BENEFITS

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Coordination of Benefits applies when a participant has coverage under more than one plan. When this occurs, one plan acts as the primary payer and the other plan acts as secondary payer. The primary plan is usually the participant's own coverage, and a secondary plan may be through a spouse or domestic partner. A secondary plan will typically pay claims when dollar amounts are not covered by the primary plan, such as deductible amounts or co-insurance amounts. **Secondary plans limit benefits payable to any applicable annual, lifetime or procedure limit, and do not typically cover co-payments.**

### ***Coordination of Benefits – Dental***

Our plan allows couples who are both employed by the City to cover each other on the dental program. COB under the Dental plan means:

- The Annual Dollar Maximum (\$1,600 per calendar year), as well as of the Lifetime Orthodontia Maximum (\$1,250 per lifetime) are 'doubled' for each insured.
- Services that are covered at less than 100% (Type III & IV services), will be processed under both members' coverage. This will generally result in services that would otherwise be covered at 50%, to be covered at 100% (50% covered under primary plan, secondary plan picking up the other 50%), up to the annual/lifetime maximums discussed above.
- Any benefits with procedure limits are not doubled. For instance, an Oral Exam benefit under Preventive Services would still only provide two exams per calendar year, not four.

### ***Coordination of Benefits – Medical***

Our plan does not allow two Renton employees who are a couple, to cover each other under the medical program and thus COB does not apply. Because our plan currently covers most services at 100% with no deductible or coinsurance amounts, the benefits for couples would be minimal. The only areas of coverage that would offer additional coverage would be benefits with dollar limits. These include:

- Alternative Medicine – 10 visits calendar year;
- Hearing Aids-\$500/36 months;
- Vision Hardware-\$550/2 years; and
- Supplemental Accident-\$300/incident.

It is the Board's position that these additional benefits do not support the additional premium cost (for both the employee and employer) of double coverage. Allowing for double coverage of such employees would require substantial additional funding on the part of the City, but provide very little benefit to the participant and would not justify the overall cost to the City budget.

### ***Co-pay Reimbursement***

Keep in mind, however, that based on current policy, our plan *does* reimburse office visit co-pays for couples, as follows:

*The City will reimburse the office visit co-pays (excluding prescription drug co-pays) above the family office visit maximum, which are not reimbursed by the City of Renton's self-funded medical plan and are not reimbursed under the Flexible Spending Account, when both employees of a married couple or domestic partnership are employed and enrolled in the City's plan. A request for reimbursement will be allowed one time per year for the total sum of that year's out-of-pocket expenses, as listed above. The reimbursement is due to the City's Human Resources Department by January 31<sup>st</sup> of each year for the previous calendar year's expenses; this will be allowed when both individuals work at the City for the full, previous 12-month period. The employee bears both the responsibility and the burden to provide full documentation to Human Resources.*